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STATISTICAL BULLETIN

Volume 18, No. 1, January, 1985

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The Conference Board

COMMENT

One of today's not-so-trivial pursuits is trying to figure out which will return first—recession or Halley's comet. Economic activity is rather sluggish right now. The Federal Reserve, faced with a precipitous drop in economic growth in the second half of 1984 and with market concern that drift could turn into recession in 1985, adopted a more stimulative stance at year's end: Money supply was allowed to expand a little more vigorously and the prime interest rate to fall below 11% for the first time in a year and a half. That jolt of financial tonic has added a little pep to an otherwise anemic pace of market activity. The *Economic Forecasts* indicate that real growth over the next two years is now more likely to be a little stronger than the weak pace of the last half of 1984, but nothing to stand up and cheer about. Further, the extra monetary thrust today heightens the possibility of more inflation tomorrow. It is widely believed that, some day, the bill for successive budget and trade deficits will have to be paid. Financial stimulus buys time, but there is no free lunch.

The sharp slowing of economic growth in the second half of 1984 was not the first stage of a slide into recession. Consumers are still spending and business is still investing. A significant slice of what is sold, however, is produced abroad but priced attractively here—thanks to an overvalued dollar. Domestic supply, then, is rising more slowly than demand. Producers are keeping operating rates in line with sales and no inventory glut has developed. It seems as if the impossible has been accomplished: The economy has managed a soft landing—a sharp slowdown without a crash.

Consumer demand has not shown much spark in recent months but some analysts expect it to get a lift from the recent decline in interest rates. Retail sales, adjusted for inflation, fell in July and August, then rebounded in the succeeding three months—but only back to the level of last June. Sales of the cyclicaly sensitive durable goods were more or less flat in the second half of 1984. New, domestic *Automobile Sales*, for example, were running at a seasonally adjusted 7½ to 8½ million annual rate in this period. Moreover, housing starts were declining, reflecting a resistance to paying stiff finance charges. As the decline in interest rates spreads to consumer loans, both car sales and housing starts might benefit. On the other hand, the relatively slow pace of domestic production keeps incomes from growing faster.

Personal income, adjusted for inflation, grew at just over a 3% annual rate in the second half of 1984. That gain in spending power should add vigor to consumer demand. On the other hand, consumer attitudes have dampened a bit. The Conference Board's *Consumer Confidence Index* was a 97.9 (1969-1970 = 100) in April, 1984; drifted down to 91 by July; recovered to 96.3 by November; but then fell to 85.6 in December. These readings reflect not only a lower appraisal of present business conditions but skepticism that significant improvement is in store over the next six months. Domestic *Automobile Sales* may not move above an 8½ million annual rate through 1985. Domestic producers have, nonetheless, raised their prices a bit more than had been anticipated. That step is not likely to increase potential sales in the near term. Nor are housing starts likely to rise much above their present level in the next twelve months unless mortgage rates drop more sharply than anticipated.

Business demand for plant and equipment remains stronger than consumer demand for cars and homes. But business executives are no more convinced that robust economic expansion is around the corner than are consumers. The Conference Board's *Measure of Business Confidence* peaked at a record of 76 (on a scale of 0-100) in the second and third quarters of 1983. This series gradually slid to 57 by November, 1984, as exuberance sobered to a measured confidence in continued moderate economic growth.

Industrial production rose by just under 3%, at annual rate, in the last quarter of 1984. Even that moderate pace allowed for some inventory rebuilding. Clearly, the inroads made by imports are keeping domestic production schedules below maximum operating rates. The capacity utilization rates first approached 82% almost a year ago, and seemed destined to move quickly into the maximum operating range. An already superstrong dollar, however, continued to soar, imports flooded into domestic markets, and the capacity utilization rates remained close to the 82% mark through the rest of the year. Some modest increase in consumer demand, somewhat stronger gains in business investment, continued demand for defense-related materiel, and a rise in demand from the state and local government sector could induce an increase of just under 4% in industrial production in 1985.

Economic growth roared into 1984 like a lion but went out like a lamb—10.1% rise in real GNP in the first quarter but only 2.7% in the fourth quarter, seasonally adjusted annual rates. The *Economic Forecasts* indicate

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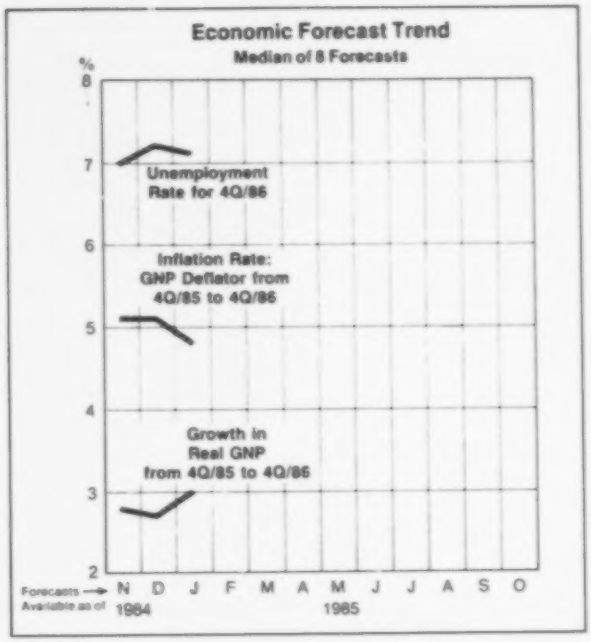


that growth will improve in the first half of 1985, thanks to a little more money growth and the decline in interest rates. The median forecast for growth in real GNP is 3.2% in the first quarter of 1985 and 3.8% in the second. However, interest-rate declines have apparently run their course for the moment. In fact, rates may rise a little through the first half of 1985. If they do, that will serve as more fuel for the superstrong dollar, further discounting the prices of imports and, hence, further limiting growth in domestic production. The median forecast for economic growth drops to 3.5% in the third quarter of 1985 and a meager 2.9% in the fourth. And that may be the good news.

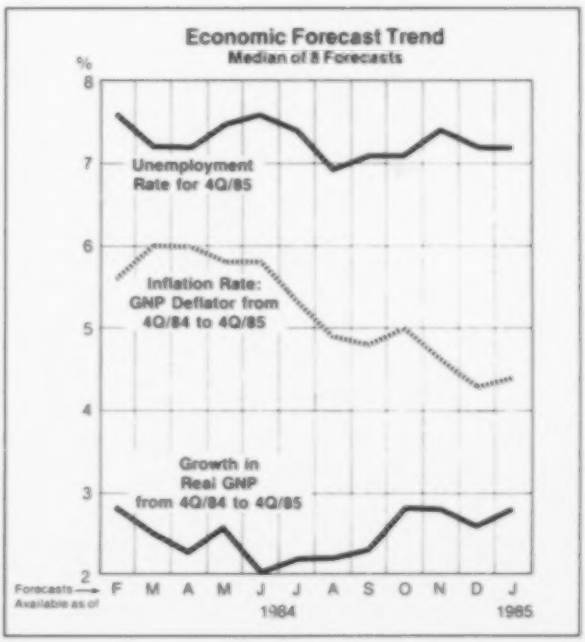
The *Economic Forecasts* indicate that the rise in the GNP price deflator will remain firmly planted in a range of 4 to 5%, seasonally adjusted annual rate, through the forecast horizon (fourth quarter of 1986). With inflation firmly under control at the moment, the Federal Reserve has room to relax its long-held anti-inflationary stance. Hence, the recent decline in interest rates. Financial markets, however, worry that a mix of stimulative fiscal policy and accommodative monetary policy will sabotage a hard-won victory over inflation. Nor are market players that convinced that the forecasters have correctly divined the future trend in inflation. Many agree with the analyst who said that the sole useful function of economics is to keep economists employed.

If the Federal Reserve allows rates to rise in the first half of 1985, the dollar is likely to get even stronger and the trade deficit deeper, causing production growth to fall back. There may be more room to maneuver on the accommodative side at the moment, but not much more. The *Economic Forecasts* indicate that, unless the long-festering deficit (budget and trade) problems are substantially addressed, and the dollar not only stops going up but starts coming down, real GNP growth in 1986 may not even match the modest record expected in 1985. The median of the forecasts for real output is a sluggish 2.8% rise in the first quarter of 1986, 3.0% in the second, 3.2% in the third, and 3.5% in the fourth quarter (last quarter in the forecast horizon).

The *Economic Forecasts* are suggesting that the pace of activity this year and next will only be strong enough to keep unemployment from rising, not high enough to reduce it. An unemployment rate just over 7% is likely to prevail over the next eight quarters.

Interest rates have come down, economic growth has slowed and inflation prospects have gone up a bit. The already overvalued dollar, however, continues to appreciate in value. Analysts suggest that focusing on the dollar's obvious negative aspects yields no clues as to when it will begin to decline. The markets are not blind to the dollar's shortcomings. Neither are they blind to the shortcomings of other currencies. When another currency offers an advantage over the dollar, the dollar will come down.

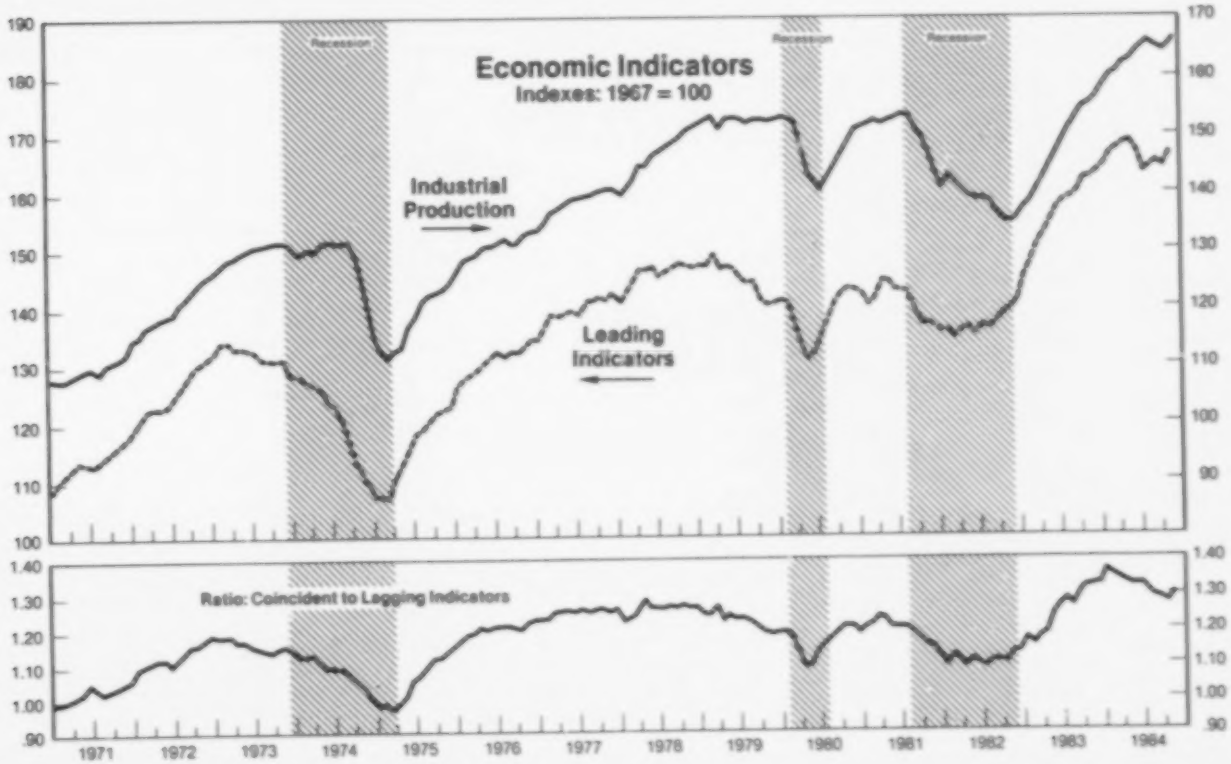
Ken Goldstein
January 11, 1985



STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over latest three months	Change From Year-Ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	Nov.	X			+ 1.6%	+ 2.5%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	Nov.		X		+ 5.3%	+ 15.6%
New orders, nondefense capital goods (deflated)	Nov.		X		+ 5.3%	+ 16.0%
†New business formation	Nov.	X			+ 2.0%	+ 2.4%
*Housing permits	Nov.	X			+ 5.7%	- 3.5%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	Nov.		X		- 7.4%	+ 1.0%
*Change in inventory, on hand & order (deflated)	Oct.		X		+ 1.6%	+ 4.2%
Purchasing agents' buying policy	Dec.			X	- 7 %	- 7 %
*Vendor performance, reported slower deliveries	Dec.			X	- 13 %	- 22 %
Industrial raw materials prices	Dec.			X	- 4.4%	- 7.3%
*Change in sensitive material prices	Nov.		X		+ 0.6%	- 1.4%
Sensitive Financial Flows						
*Money balance (M2 deflated)	Nov.	X			+ 1.5%	+ 3.4%
Change in business loans	Nov.		X		+28.0%	+ 19.6%
*Change in credit outstanding	Nov.			X	+ 0.2%	- 0.5%
Change in consumer installment debt	Oct.		X		-10.0%	+ 14.2%
Profitability						
Total corporate profits, after tax (deflated)	3rd Q			X	- 8.3%	- 5.0%
*Common stock prices	Dec.		X		- 1.0%	+ 0.1%
Marginal Employment Adjustments						
*Average workweek, mfg.	Dec.		X		+ 0.1hr	+ 0.1hr
*Initial unemployment claims (inverted)	Dec.			X	-15.5%	-12.4%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators*, (Washington. D.C.: Government Printing Office) June, 1977.
*These twelve series make up the Composite Leading Index charted below.



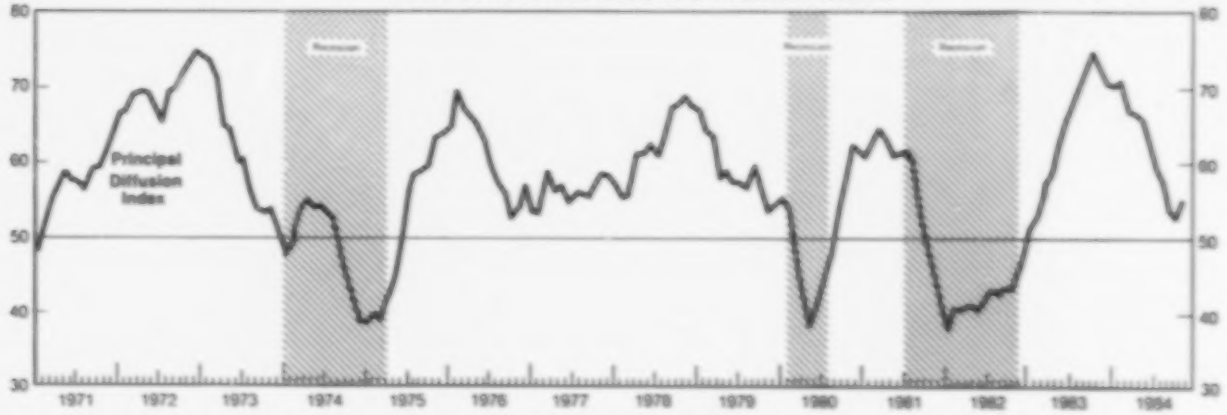
CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1983 Nov.	1984 Aug.	Sept.	Oct.	Nov (e)
Principal Diffusion Index	70.2	57.9r	53.8r	52.2r	54.9
Auxiliary Diffusion Index	41.1	46.1r	36.7r	44.8r	58.5
Industrial Group	74.9	58.7r	53.6r	50.1r	54.2
Nonindustrial Group	65.4	57.2r	54.1r	54.4r	55.5
Sense of Diffusion	1.0	1.0	1.0	1.0	1.0
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	75.9	60.7	51.7	49.1r	57.5
Labor	75.1	53.6r	53.6r	52.3r	56.0
Miscellaneous	73.1	67.9	56.4	46.2	44.9
Nonindustrial Subgroups					
Prices	67.3	46.2	45.5	37.8	46.2
Consumer	73.5	63.7	63.2r	67.9r	72.8
Building	65.4	57.7	56.4	56.1r	46.2
Miscellaneous	56.0	57.7r	49.1r	51.3r	50.9

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would be higher than 50 because the data over the latest six-month period are weighted more heavily than data from the earlier six-month period. On the other hand, if all 20 series rose in each of the last six months, after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

e-estimate r-revised

The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1982 May	Aug.	Nov.	1983 Feb.	May	Aug.	Nov.	1984 Feb.	May	Aug.	Nov.
	Score (scale 0-100)										
Measure of Business Confidence	52	56	60	70	76	75	74	70	65	61	57
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	30	38	44	65	76	82	80	76	75	70	57
2. Expectations for Economy, Six Months Ahead	64	65	70	76	78	74	73	67	60	57	57
Expectations for Own Industry, Six Months Ahead	61	61	65	70	72	69	70	67	61	57	58

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question,and the overall Measure of Business Confidence, thus can range from 0 to 100.

CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

Billions of Dollars, Seasonally Adjusted

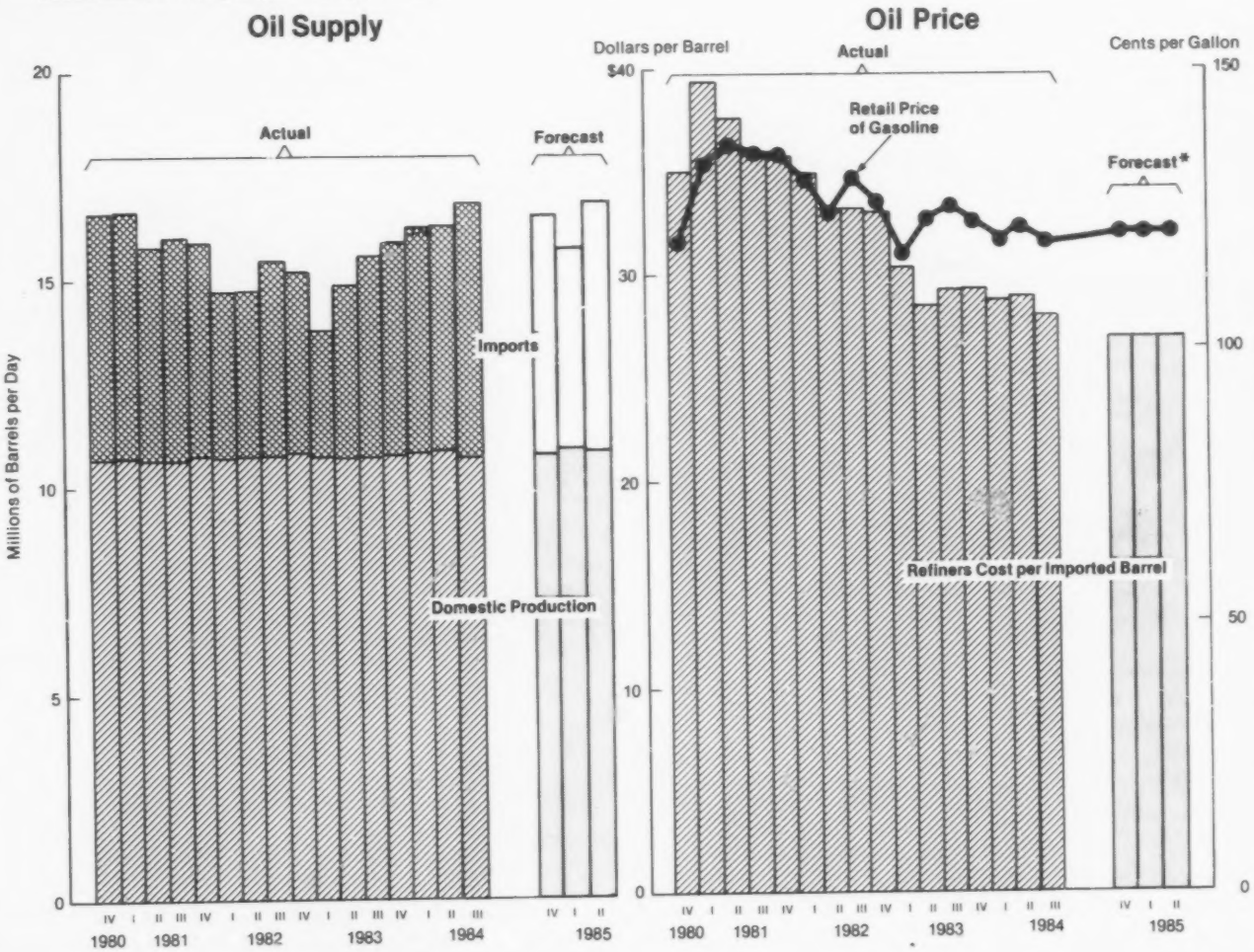
	1983				1984			Percent Change From Previous Year		
	Ir	IIr	IIIr	IVr	Ir	IIr	IIIp	1983 Actual	1984 Estimated	1985 Expected**
1000 LARGEST MANUFACTURING FIRMS										
New appropriations	20.072	20.874	22.875	24.262	26.816	37.154	28.720	1	38	-13
Capital expenditures	19.108	18.664	18.244	19.560	19.905	21.808	23.751	-23	20	12
Change in appropriations backlog*	-1.160	+0.982	+1.988	+0.928	+5.152	+13.867	+3.797			
Durable Goods										
New appropriations	8.130	9.293	9.119	11.024	13.662	21.216	13.307	-17	64	-30
Capital expenditures	7.942	7.717	7.667	8.727	8.714	10.033	11.342	-19	32	- 4
Change in appropriations backlog*	-0.676	+0.887	+1.466	+0.819	+4.057	+10.843	+1.726			
Nondurable Goods										
New appropriations	11.942	11.581	13.666	13.238	13.154	45.055	15.413	- 9	18	14
Capital expenditures	11.166	10.947	10.577	10.833	11.191	11.775	12.409	-26	12	25
Change in appropriations backlog*	-0.484	+0.095	+0.522	+0.109	+1.095	+3.024	+2.071			
ELECTRIC & GAS UTILITIES										
New appropriations	7.614	6.663	5.831	6.968	5.335	8.385	10.801			
Capital expenditures	8.996	9.236	9.024	8.292	8.757	9.150	9.127			
Change in appropriations backlog*	-4.916	-6.849	-3.913	-4.056	-5.799	-2.466	.546			

Available on request: Historical data from 1953 (manufacturing) and from 1958 (utilities), and quartely reports containing text and data for 17 separate manufacturing industries, electric and gas utilities.

r—revised p—preliminary

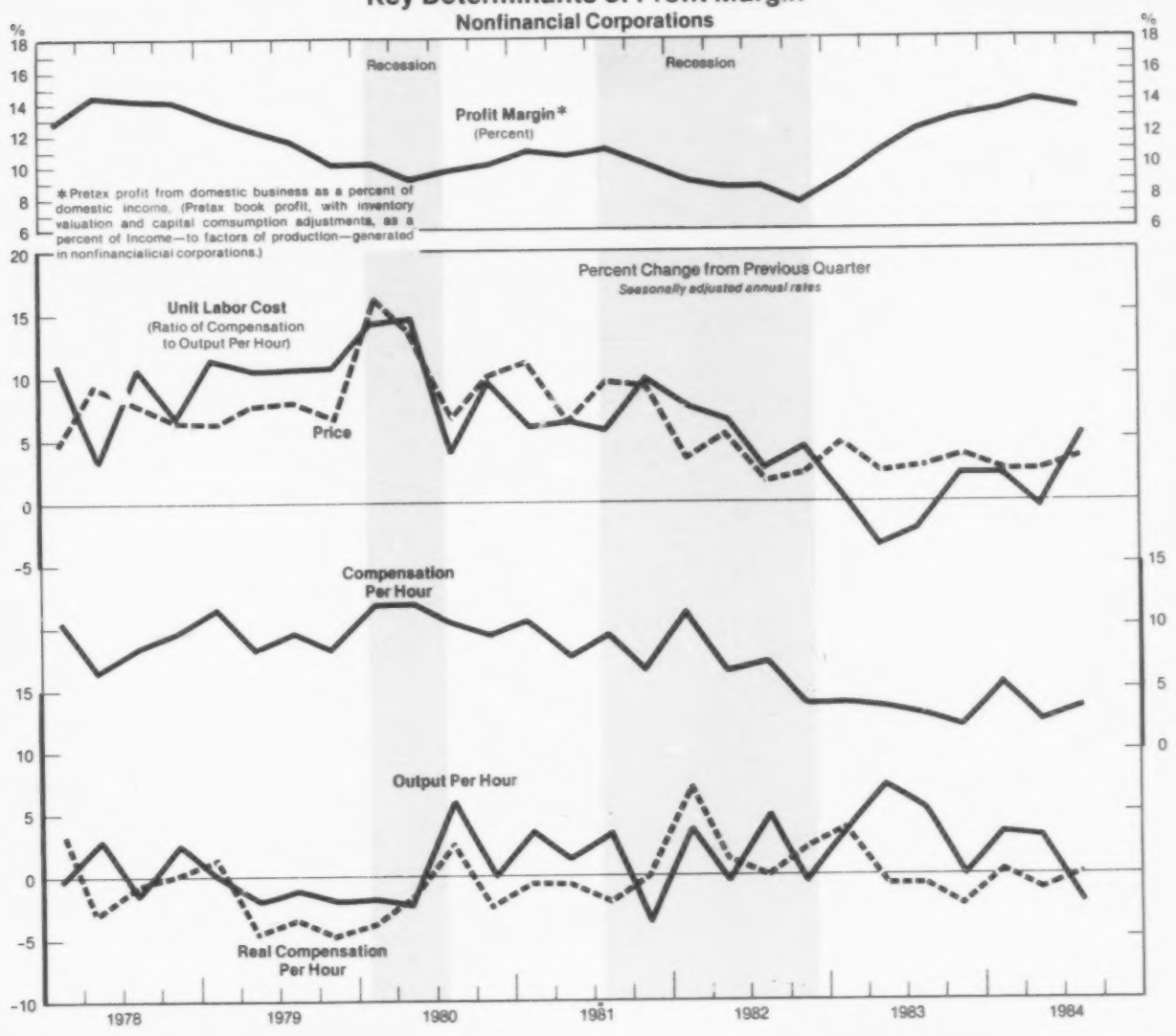
* Change in Backlog = New Appropriations—(Expenditures + Cancellations + Other Adjustments).

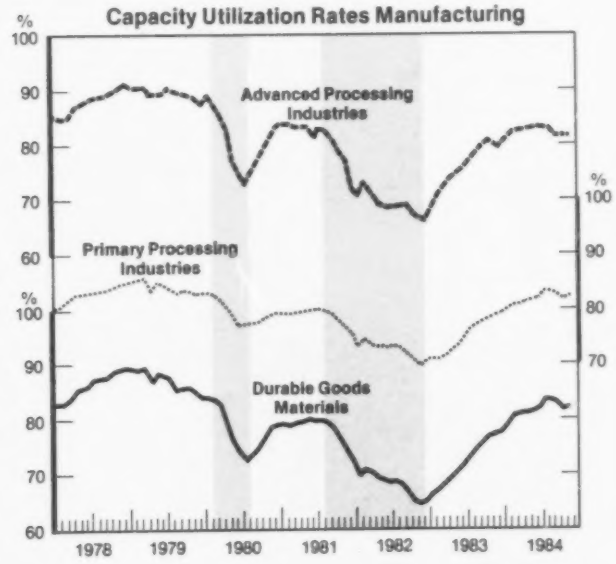
** Results based on survey respondents' expectations.

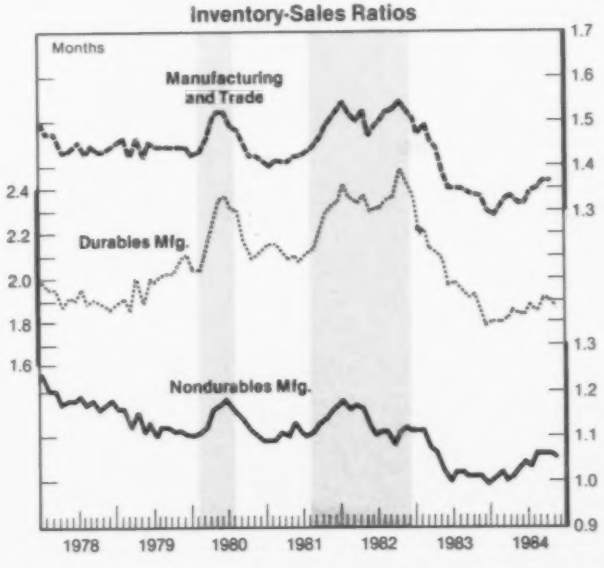


*Source: of Forecast is The Energy Information Administration; Department of Energy.

Key Determinants of Profit Margin







ECONOMIC FORECASTS

			U.C.L.A. Business Forecasting Project[1]		Merrill Lynch Economics Inc.[1]		E.I. duPont de Nemours & Co.[1]		Georgia State University[1]	
Date of Forecast			*Dec., 1984*		*Dec., 1984*		*Dec., 1984*		*Dec., 1984*	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Billions of Current Dollars										
Actual	**1984**	**III**	**$3694.6**	**5.6%**	**$3694.6**	**5.6%**	**$3694.6**	**5.6%**	**$3694.6**	**5.6%**
		IV	3748.1	5.9	3756.2	6.8	3743.7	5.4	3753.1	6.5
	1985	I	3817.6	7.6	3838.5	9.1	3799.3	6.1	3820.9	7.4
		II	3902.5	9.2	3911.2	7.8	3880.8	8.9	3893.5	7.8
		III	3979.7	8.2	3989.2	8.2	3969.5	9.5	3960.5	7.1
		IV	4056.6	8.0	4067.8	8.1	4059.2	9.3	4026.4	6.8
	1986	I	4145.8	9.1	4134.7	6.7	4138.0	8.0	4080.0	5.4
		II	4244.1	9.8	4204.7	6.9	4207.2	6.9	4160.9	8.2
		III	4347.9	10.1	4289.4	8.3	4275.9	6.7	4248.7	8.7
		IV	4455.2	10.2	4379.4	8.7	4323.8	4.6	4344.5	9.3
	1984	Annual	3660.2	10.8	3662.2	10.8	3659.1	10.7	3661.4	10.8
	1985	Annual	3939.1	7.6	3951.7	7.9	3927.2	7.3	3925.3	7.2
	1986	Annual	4298.3	9.1	4252.1	7.6	4236.2	7.9	4208.5	7.2
Gross National Product Billions of Constant (1972) Dollars										
Actual	**1984**	**III**	**$1645.2**	**1.8%**	**$1645.2**	**1.8%**	**$1645.2**	**1.8%**	**$1645.2**	**1.8%**
		IV	1656.2	2.7	1656.7	2.8	1656.5	2.8	1657.0	2.9
	1985	I	1670.5	3.5	1675.1	4.5	1670.0	3.3	1668.5	2.8
		II	1693.0	5.5	1685.5	2.5	1691.0	5.1	1683.3	3.6
		III	1710.9	4.3	1699.5	3.4	1711.0	4.8	1692.5	2.2
		IV	1724.5	3.2	1715.3	3.8	1731.0	4.8	1699.6	1.7
	1986	I	1741.4	4.0	1724.6	2.2	1746.0	3.5	1700.0	.1
		II	1761.1	4.6	1733.2	2.0	1753.0	1.6	1713.0	3.1
		III	1781.0	4.6	1748.7	3.6	1756.0	.7	1725.7	3.0
		IV	1799.5	4.2	1765.6	3.9	1747.0	-2.0	1740.6	3.5
	1984	Annual	1637.8	6.7	1637.9	6.7	1637.8	6.7	1638.0	6.7
	1985	Annual	1699.7	3.8	1693.9	3.4	1700.8	3.8	1686.0	2.9
	1986	Annual	1770.8	4.2	1743.0	2.9	1750.5	2.9	1719.8	2.0
Gross National Product deflator Index, 1972 = 100										
Actual	**1984**	**III**	**224.6**	**3.9%**	**224.6**	**3.9%**	**224.6**	**3.9%**	**224.6**	**3.9%**
		IV	226.3	3.1	226.7	3.9	226.0	2.6	226.5	3.5
	1985	I	228.5	4.0	229.2	4.3	227.5	2.7	229.0	4.5
		II	230.5	3.5	232.0	5.2	229.5	3.6	231.3	4.1
		III	232.6	3.7	234.7	4.7	232.0	4.4	234.0	4.8
		IV	235.2	4.6	237.1	4.2	234.5	4.4	236.9	5.0
	1986	I	238.1	4.9	239.7	4.5	237.0	4.3	240.0	5.3
		II	241.0	5.0	242.6	4.8	240.0	5.2	242.9	4.9
		III	244.1	5.3	245.3	4.5	243.5	6.0	246.2	5.5
		IV	247.6	5.8	248.0	4.6	247.5	6.7	249.6	5.6
	1984	Annual	223.5	3.8	223.6	3.8	223.4	3.8	223.5	3.8
	1985	Annual	231.7	3.7	233.3	4.3	230.9	3.4	232.8	4.2
	1986	Annual	242.7	4.7	243.9	4.6	242.0	4.8	244.7	5.1
Unemployment Rate										
Actual	**1984**	**III**		**7.5%**		**7.5%**		**7.5%**		**7.5%**
		IV		7.3		7.2		7.2		7.3
	1985	I		7.5		6.9		7.1		7.3
		II		7.4		7.0		7.1		7.1
		III		7.3		7.1		7.0		7.1
		IV		7.2		7.0		6.7		7.1
	1986	I		7.2		7.2		6.5		7.3
		II		7.1		7.3		6.6		7.3
		III		6.9		7.0		6.6		7.2
		IV		6.8		6.9		7.0		7.1
	1984	Annual		7.5		7.5		7.5		7.5
	1985	Annual		7.4		7.0		7.0		7.2
	1986	Annual		7.0		7.1		6.7		7.2

Notes: Percentage changes represent compound annual rates of change from preceding period. Quarterly data are seasonally adjusted.
[1]Based on revised (2nd revision) third quarter data.

ECONOMIC FORECASTS (continued)

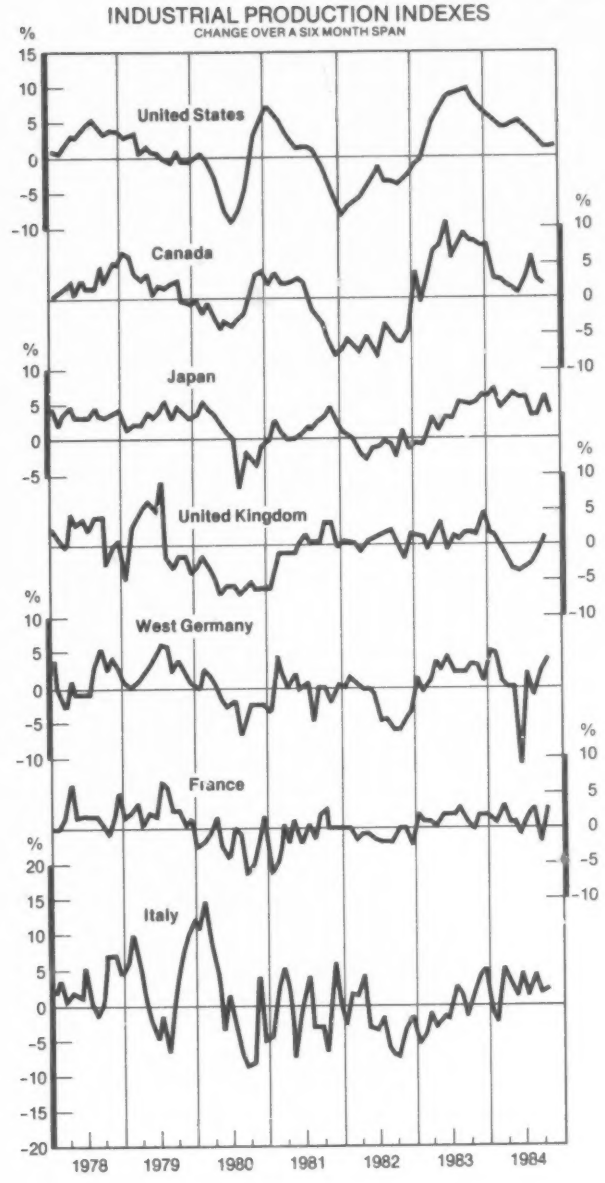
The Conference Board[1]		Chase Econometric Associates, Inc.[1]		Data Resources Inc.[1]		Wharton E.F.A. Inc.[1]				
Dec., 1984		Dec., 1984		Dec., 1984		Dec., 1984		Date of Forecast		
Level	Percent Change	Level	Percent Change	Level	Percent Change	Level	Percent Change			
								Gross National Product Billions of Current Dollars		
$3694.6	**5.6%**	**$3694.6**	**5.6%**	**$3694.6**	**5.6%**	**$3694.6**	**5.6%**	**III**	**1984**	**Actual**
3736.0	4.6	3757.5	7.0	3748.1	5.9	3744.9	5.6	IV		
3796.0	6.6	3822.0	7.0	3797.3	5.4	3821.6	8.4	I	1985	
3879.0	9.0	3899.2	8.3	3854.2	6.1	3906.6	9.2	II		
3956.0	8.2	3983.8	9.0	3914.3	6.4	3987.0	8.5	III		
4024.0	7.0	4037.4	5.5	3975.1	6.4	4062.5	7.8	IV		
4098.0	7.6	4090.2	5.3	4043.7	7.1	4144.0	8.3	I	1986	
4187.0	9.0	4163.4	7.4	4114.5	7.2	4220.7	7.6	II		
4267.0	7.9	4244.0	8.0	4188.8	7.4	4301.6	7.9	III		
4352.0	8.2	4328.3	8.2	4272.3	8.2	4382.1	7.7	IV		
3657.2	10.7	3662.5	10.8	3660.2	10.8	3659.4	10.7	Annual	1984	
3913.8	7.0	3935.6	7.5	3885.2	6.1	3944.4	7.8	Annual	1985	
4226.0	8.0	4206.5	6.9	4154.8	6.9	4262.1	8.1	Annual	1986	
								Gross National Product Billions of Constant (1972) Dollars		
$1645.2	**1.6%**	**$1645.2**	**1.6%**	**$1645.2**	**1.6%**	**$1645.2**	**1.6%**	**III**	**1984**	**Actual**
1655.4	2.5	1654.2	2.2	1656.2	2.7	1655.2	2.5	IV		
1667.5	2.9	1665.4	2.7	1661.6	1.3	1671.4	4.0	I	1985	
1683.8	4.0	1678.9	3.3	1672.7	2.7	1691.5	4.9	II		
1693.3	2.3	1693.5	3.5	1685.9	3.2	1709.2	4.3	III		
1699.4	1.4	1697.3	.9	1696.5	2.5	1724.5	3.6	IV		
1709.7	2.4	1701.2	.9	1709.4	3.1	1739.7	3.6	I	1986	
1724.3	3.5	1712.5	2.7	1722.6	3.1	1752.1	2.9	II		
1737.0	3.0	1726.0	3.2	1736.8	3.3	1765.9	3.2	III		
1750.0	3.0	1741.5	3.6	1752.0	3.5	1779.7	3.2	IV		
1637.6	6.7	1637.3	6.7	1637.8	6.7	1637.5	6.7	Annual	1984	
1686.0	3.0	1683.8	2.8	1679.2	2.5	1699.2	3.8	Annual	1985	
1730.3	2.6	1720.3	2.2	1730.2	3.0	1759.3	3.5	Annual	1986	
								Gross National Product deflator Index, 1972 = 100		
224.6	**3.9%**	**224.6**	**3.9%**	**224.6**	**3.9%**	**224.6**	**3.9%**	**III**	**1984**	**Actual**
225.7	2.0	227.1	4.7	226.3	3.1	226.3	3.0	IV		
227.6	3.5	229.5	4.2	228.5	4.0	228.6	4.3	I	1985	
230.4	4.9	232.2	4.9	230.4	3.3	231.0	4.1	II		
233.6	5.8	235.2	5.3	232.2	3.1	233.3	4.1	III		
236.8	5.5	237.9	4.5	234.3	3.7	235.6	4.0	IV		
239.7	5.0	240.4	4.4	236.6	3.9	238.2	4.5	I	1986	
242.8	5.3	243.1	4.5	238.9	3.9	240.9	4.6	II		
245.7	4.8	245.9	4.6	241.2	4.0	243.6	4.6	III		
248.7	5.0	248.5	4.4	243.9	4.5	246.2	4.4	IV		
223.3	3.7	223.7	3.9	223.5	3.8	223.4	3.8	Annual	1984	
232.1	3.9	233.7	4.5	231.4	3.5	232.1	3.9	Annual	1985	
244.2	5.2	244.5	4.6	240.1	3.8	242.2	4.4	Annual	1986	
								Unemployment Rate		
	7.5%		**7.5%**		**7.5%**		**7.5%**	**III**	**1984**	**Actual**
	7.2		7.1		7.3		7.2	IV		
	7.2		7.0		7.5		7.1	I	1985	
	7.0		7.0		7.5		7.0	II		
	7.2		7.1		7.6		6.8	III		
	7.6		7.2		7.6		6.7	IV		
	7.7		7.3		7.6		6.6	I	1986	
	7.5		7.3		7.6		6.6	II		
	7.5		7.2		7.6		6.6	III		
	7.5		7.1		7.6		6.6	IV		
	7.5		7.5		7.5		7.5	Annual	1984	
	7.3		7.1		7.5		6.9	Annual	1985	
	7.6		7.2		7.6		6.6	Annual	1986	

Please Note: In the interest of speeding the data contained in this publication to you, these series are now available on-line through The Conference Board Data Base. For more information, contact Linette Stein Waters or Ken Goldstein at (212) 759-0900.

SELECTED INTERNATIONAL COMPARISONS

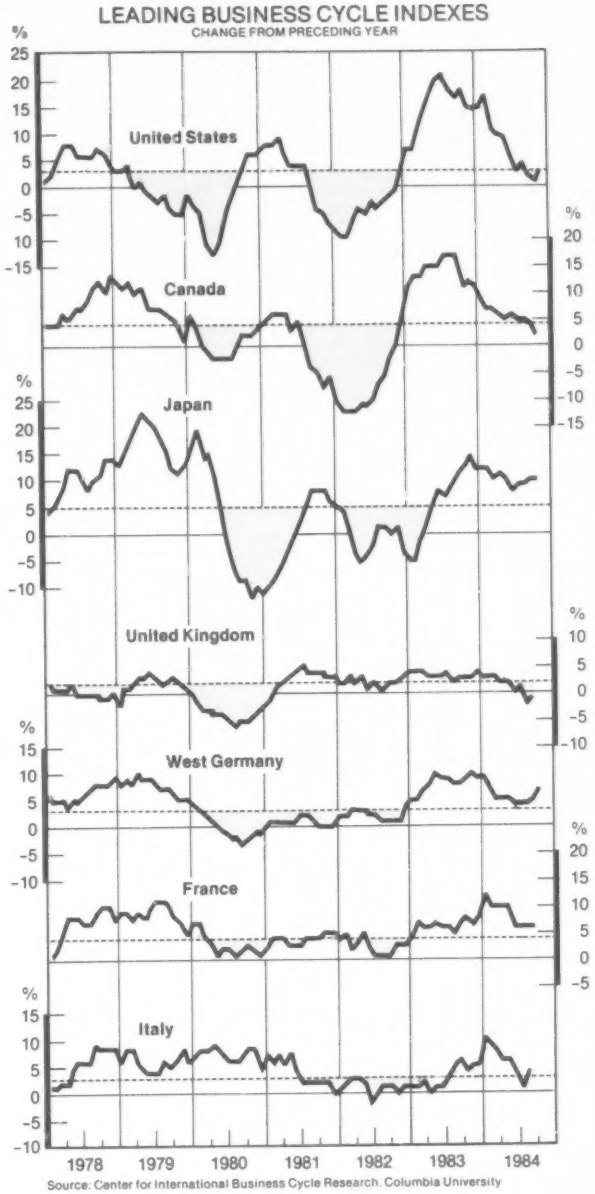
INDUSTRIAL PRODUCTION INDEXES

CHANGE OVER A SIX MONTH SPAN



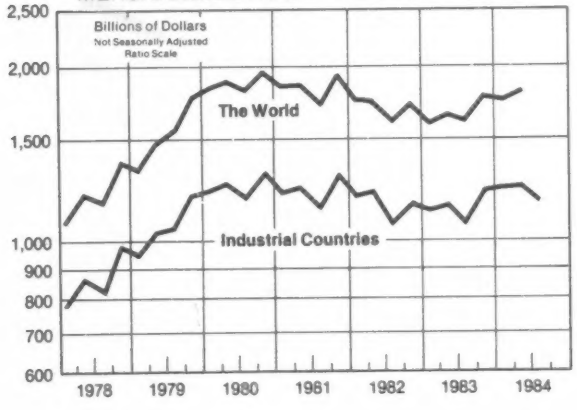
LEADING BUSINESS CYCLE INDEXES

CHANGE FROM PRECEDING YEAR

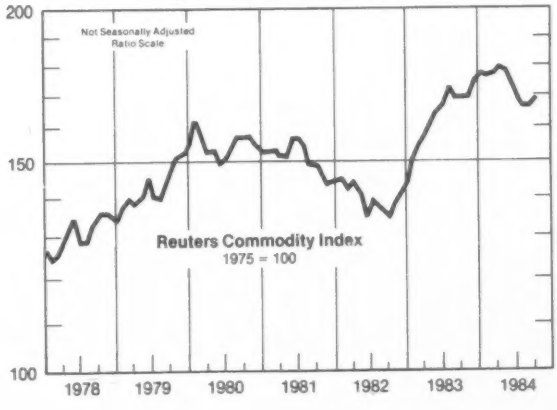


Source: Center for International Business Cycle Research, Columbia University

MERCHANDISE TRADE: VALUE OF EXPORTS

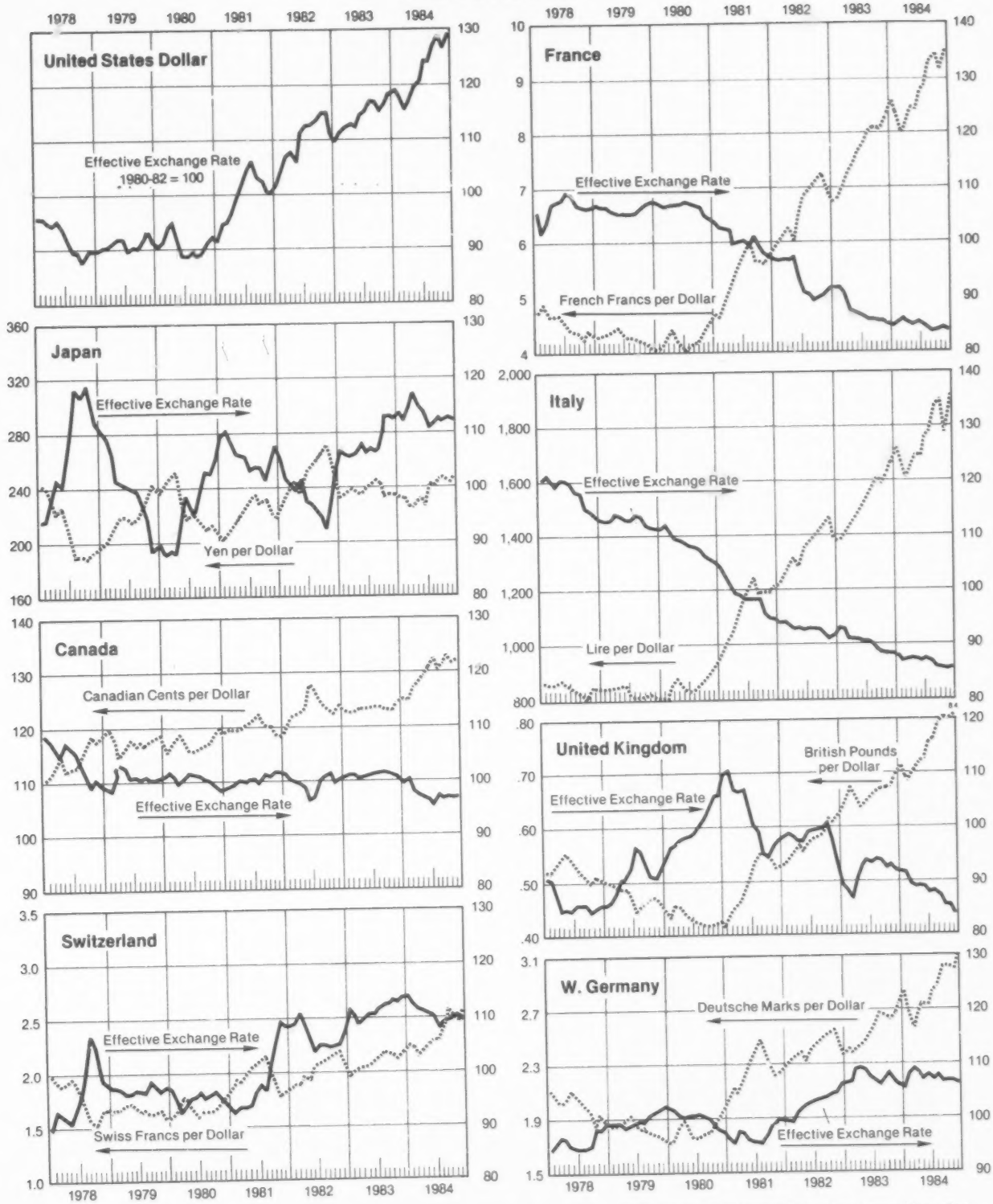


RAW MATERIALS PRICES



Foreign Exchange Rates

Indexes: 1980-82 = 100



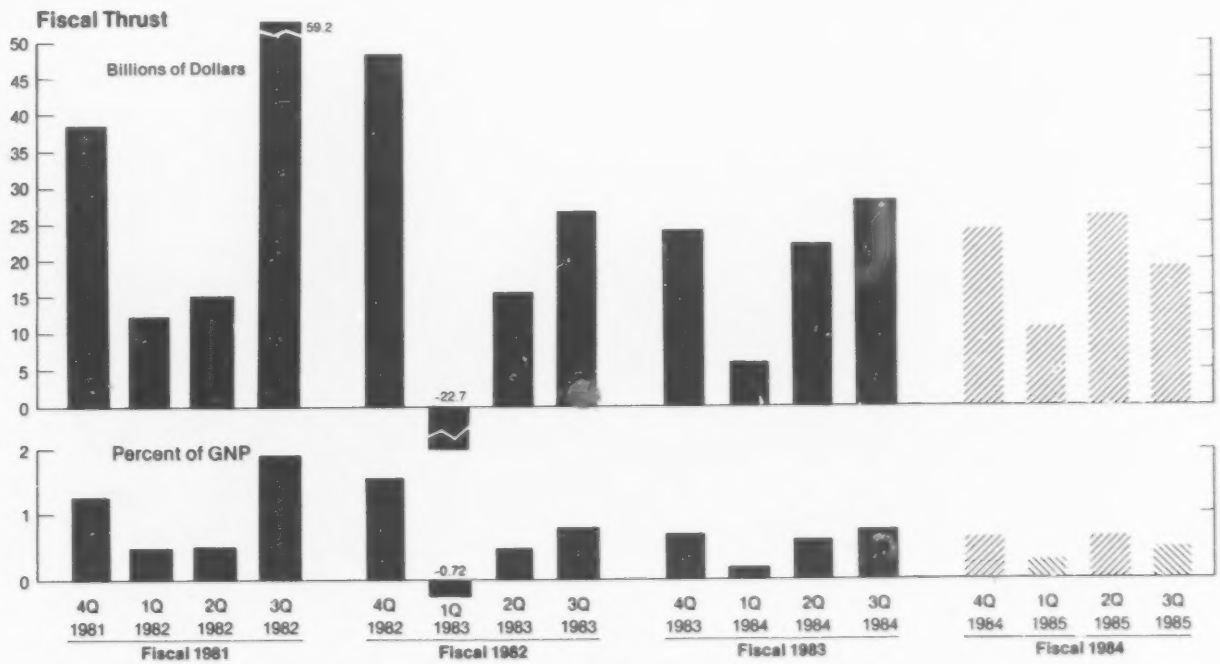
Note: Nominal Effective Exchange Rates: Index numbers 1980-82 = 100. Each index shows a currency's trade-weighted appreciation or depreciation measured against fifteen other major currencies using averages of daily noon spot exchange rates in New York and bilateral trade weights based on 1980 trade in manufactures.

Source: Morgan Guaranty Trust Co.

PERSPECTIVE ON THE FEDERAL BUDGET
(Billions of Current Dollars)

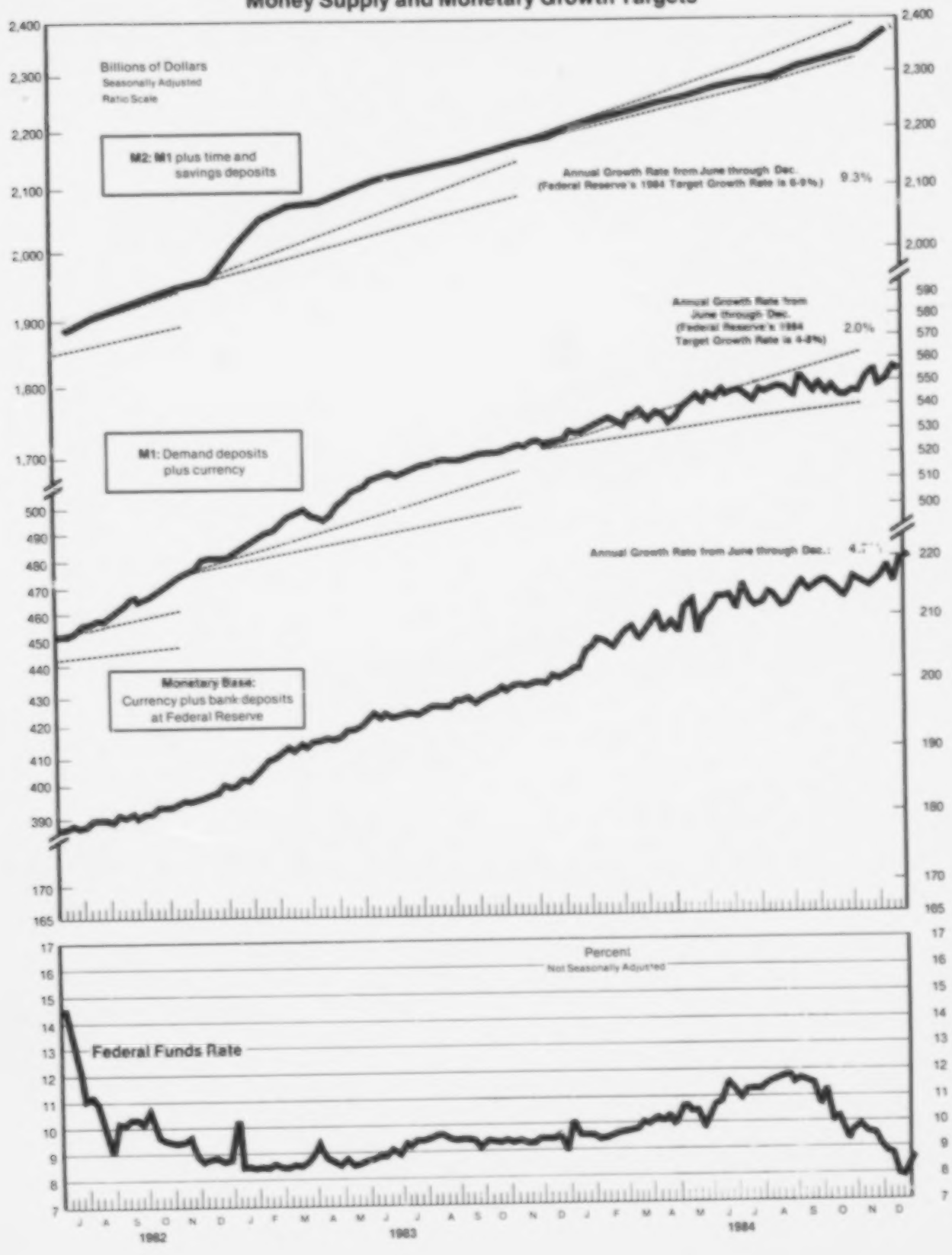
	Fiscal 1983	Fiscal 1984		Fiscal 1985		
	Actual (2/1/84)	President's Proposal (8/14/84)	Congressional Estimate (9/25/84)	Current Service (2/1/84)	President's Proposal (8/14/84)	Congressional Estimate (9/25/84)
Receipts	**600.6**	**670.7**	**672.9**	**737.3**	**763.8**	**750.9**
Outlays	**796.0**	**845.0**	**845.6**	**944.9**	**930.6**	**932.1**
Deficit	**-195.0**	**-174.3**	**-172.7**	**-207.7**	**-166.9**	**-181.2**
Receipts by source	**600.6**	**670.7**	**672.9**	**737.3**	**763.8**	**750.9**
Individual income taxes	288.9	299.5		323.4	341.8	
Corporate income taxes	37.0	59.0		75.5	74.3	
Social insurance	209.0	241.2		269.0	271.5	
Other receipts	65.7	71.1		69.4	76.2	
Outlays by function	**796.0**	**845.0**	**845.6**	**944.9**	**930.6**	**932.1**
National defense	209.9	233.6	230.4	284.4	266.2	262.9
Social security and medicare	223.3	237.8	274.8	261.4	258.1	254.1
Income security	122.2	95.2		116.9	110.3	111.7
Health	28.7	30.6	89.4	34.4	33.8	34.2
Education and manpower	26.6	28.2	28.0	29.0	29.4	29.9
Transportation	21.4	25.1	24.9	27.4	26.9	27.1
Veterans' benefits	24.8	25.9	25.9	26.6	26.7	26.4
International affairs	9.0	12.6	12.3	14.1	17.2	16.5
Agriculture	22.2	10.2	11.8	14.3	15.1	16.4
National resources and environment	12.7	12.2	12.3	11.8	11.6	12.0
General science	7.7	8.2	8.3	8.4	8.7	8.6
Community development	6.9	7.3	7.3	7.7	7.7	8.2
Revenue sharing	6.5	6.7	6.8		6.5	6.5
Justice	5.1	5.9	5.9	6.2	6.2	6.1
General government	4.8	5.3	5.1	5.7	5.6	5.6
Energy	4.0	2.4	2.5	3.4	2.8	4.1
Commerce and housing credit	4.4	4.6	4.4	1.6	0.3	2.0
Interest	89.8	109.4	111.1	117.9	130.2	133.8
Allowances			0.6	1.5	1.0	- 0.7
Undistributed offsetting receipts	-34.0	-16.2	-16.0	-34.6	-33.8	-33.2

Sources: Office of Management and Budget; Congressional Budget Office.



Note: The Conference Board has developed estimates of fiscal thrust which measure the initial economic impact of the budget which then results in subsequent rounds of spending associated with the "multiplier effect" within the private sector of the economy. For more complete descriptions, see Michael Levy, *The Federal Budget: Its Impact on the Economy* (FB-81-3), The Conference Board, New York, 1980.

Money Supply and Monetary Growth Targets



CONFERENCE BOARD HELP-WANTED ADVERTISING INDEXES

Seasonally Adjusted Indexes, 1967 = 100

	1984			1983
	Nov.	Oct.	Sept.	Nov.
Total Index 51 papers	136	139r	129	114
New England	143	153	144	121
Boston	154	164	153	136
Hartford	147	153	151	112
Providence	109	113	96	75
Middle Atlantic	83	83	82	83
Albany	130	119	126	100
Allentown	171	186	150	116
New York	52	53	54	49
Philadelphia	61	58	55	48
Pittsburgh	58	58	55	44
Rochester	76	74	70	58
Syracuse	107	101	100	80
East North Central	84	82	78	68
Chicago	99	100	96	80
Cincinnati	122	116	97	77
Cleveland	57	58	57	44
Columbus	130	113	110	85
Dayton	60	57	59	50
Detroit	52	60	50	42
Gary	104	96	106	100
Indianapolis	95	89	80	73
Milwaukee	95	92	97	47
Toledo	103	86	87	78r
West North Central	89	88	85	83
Kansas City	132	132	117	82
Minneapolis	91	87	80	67
Omaha	112	116	122	95
St. Louis	64	59	60	49
South Atlantic	160	162	147	130
Atlanta	309	312	275	229
Baltimore	n.a.	96	88	100
Charlotte	141	148	137	107
Jacksonville	202	189	176	162
Miami	77	81	82	79
Richmond	88	92	93	88
Washington, D.C.	161	168	147	127
East South Central	127	133	118	103
Birmingham	139	131	121	109
Knoxville	178	193	174	158
Louisville	77	75	70	55
Memphis	104	104	104	95
Nashville	171	203	154	132
West South Central	275	272	285	262
Dallas	392	387	370	373
Houston	257	236	232	244
New Orleans	129	125	119	107
Oklahoma City	154	144	144	141
San Antonio	196	204	196	161
Tulsa	154	145	158	129
Mountain	336	304r	288	270r
Denver	214	198r	205	195r
Phoenix	468	472	419	384
Salt Lake City	353	336	330	276
Pacific	200	202	194	170
Los Angeles	148	153	143	130
Sacramento	321	320	309	274
San Bernardino	187	221	157	138
San Diego	431	421	431	394
San Francisco	223	215	202	193
Seattle	182	185	191	171
Percentage of papers with rising volume	53%	65%	57%	63%
Unemployment rate	7.2%	7.4%	7.4%	8.4%

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).

r—revised n.a.—not available

Help-wanted Advertising and Unemployment

* Source: Center for International Business Cycle Research, Columbia University

CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND BUYING PLANS

Indexes, 1969-1970 = 100
(Seasonally Adjusted)

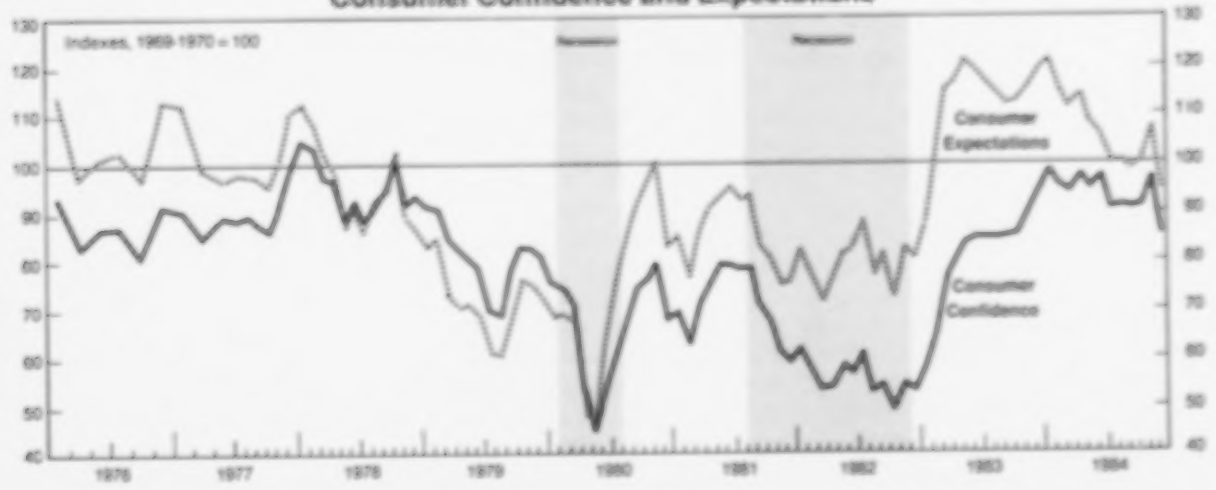
	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Consumer Confidence Index												
1982	62.1	58.1	53.3	54.0	58.3	57.1	61.6	53.7	54.4	49.7	54.8	53.5
1983	58.0	65.8	77.1	80.3	84.0	84.9	84.7	84.6	84.8	85.7	90.2	95.1
1984	98.4	95.7	94.5	97.9	95.2	97.1	91.0	91.9	91.0	91.5	96.6r	85.6p
Buying Plans Index												
1982	81.3	100.9	94.8	70.3	74.9	73.9	92.0	89.0	75.3	68.7	80.5	75.2
1983	71.9	75.8	87.9	86.0	85.2	103.6	100.5	89.9	113.5	109.9	108.9	108.5
1984	101.4	108.0	103.9	99.4	105.1	121.6r	94.5	100.6	93.3	88.5	102.7r	95.9p

Confidence Index measures consumer optimism in appraising economic conditions. Buying Plans Index is based on intentions to purchase cars, homes, appliances. Expectations Index, (charted below), measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc.

p—preliminary r—revised

Consumer Confidence and Expectations



CONFERENCE BOARD ESTIMATES OF DISCRETIONARY PURCHASING POWER AND SPENDING

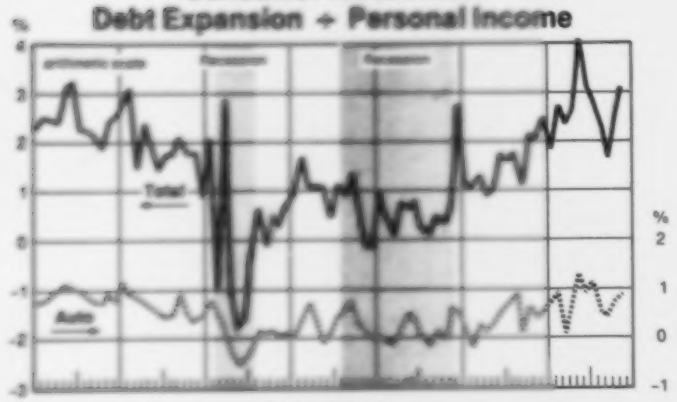
Billions of Current Dollars (Seasonally Adjusted at Annual Rates)

		Aggregate Purchasing Power (APP)	Discretionary			Ratios			
			Purchasing Power (DPP)	Spending (DSP)	Saving (DSA)	(DSP)/(DPP)	(DSP)/(APP)	Total Saving/ (APP)	Net Saving/ Income After Taxes
1978	IV	$1714.9	$604.0	$437.0	$167.0	72.3%	25.5%	14.0%	8.5%
1979	I	1758.5	621.0	435.3	185.8	70.1	24.8	14.0	7.5
	II	1846.3	660.4	433.4	226.9	65.6	23.5	16.3	10.5
	III	1865.0	651.0	451.8	199.2	69.4	24.2	14.2	8.8
	IV	1903.1	642.3	466.9	175.3	72.7	24.5	13.1	9.0
1980	I	1999.7	702.4	479.4	223.0	68.3	24.0	15.2	10.4
	II	1942.3	600.7	454.5	146.3	75.7	23.4	12.5	11.4
	III	2085.1	698.2	474.4	223.8	67.9	22.8	15.5	11.8
	IV	2147.6	735.9	497.5	238.3	67.6	23.2	14.9	10.8
1981	I	2180.1	732.3	520.4	211.9	71.1	23.9	13.6	10.0
	II	2235.7	740.6	514.5	226.0	69.5	23.0	14.7	10.4
	III	2317.8	771.2	525.3	246.0	68.1	22.7	15.5	12.4
	IV	2289.4	739.2	520.2	219.0	70.4	22.7	13.7	12.0
1982	Ir	2293.4	719.1	530.1	189.0	73.7	23.1	12.2	10.7
	IIr	2344.3	731.9	542.9	189.0	74.2	23.2	12.8	10.5
	IIIr	2424.8	782.9	549.5	233.4	70.2	22.7	14.1	12.3
	IVp	2458.0	799.0	577.0	222.0	72.2	23.5	13.3	10.3

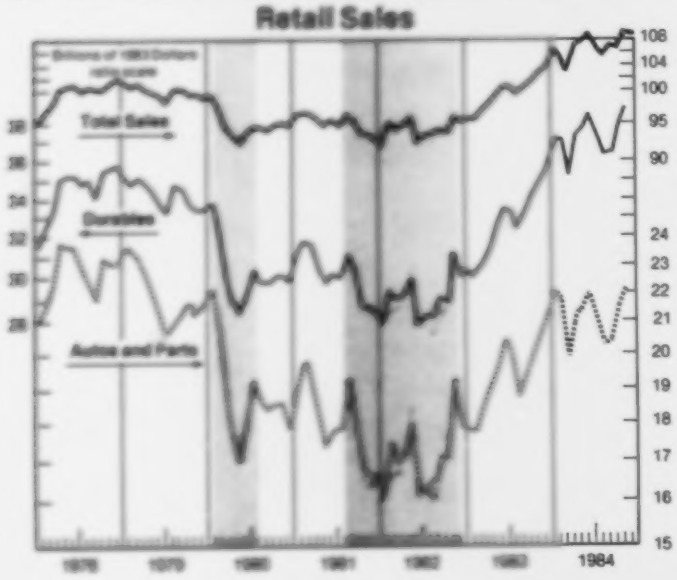
Note: For an explanation of discretionary purchasing power and spending, see the Sept., 1981 issue of the *Statistical Bulletin*.

P—Preliminary R—Revised

Consumer Installment Debt Expansion ÷ Personal Income



Retail Sales



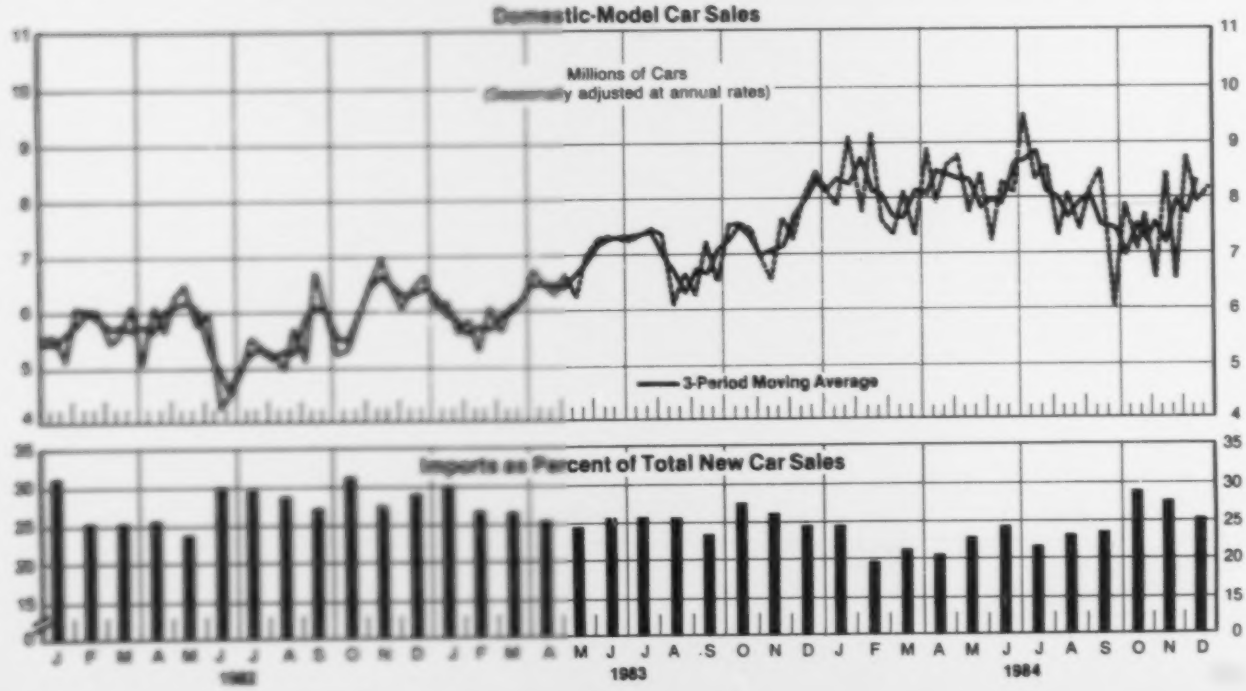
CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate **REVISED**

Periods		1981	1982	1983	1984
January:	1-10	6.11	5.53	6.17	8.16
	11-20	6.65	5.59	6.20	7.84
	21-31	6.70	5.14	5.60	9.15
February:	1-10	6.54	6.10	5.86	7.79
	11-20	6.07	6.03	5.30	9.17
	21-28(29)	8.42	6.06	6.07	7.60
March:	1-10	7.95	5.46	5.61	7.35
	11-20	10.07	5.68	6.10	8.13
	21-31	5.03	6.17	6.19	7.35
April:	1-10	6.12	5.06	6.69	8.88
	11-20	5.79	6.14	6.52	7.96
	21-30	6.07	5.62	6.35	8.60
May:	1-10	5.30	6.31	6.67	8.75
	11-20	5.80	6.53	6.30	7.74
	21-31	5.49	5.77	6.97	8.43
June:	1-10	5.99	6.00	7.23	7.22
	11-20	5.42	4.24	7.34	8.25
	21-30	5.61	4.56	7.28	8.10
July:	1-10	5.98	4.98	7.25	9.51
	11-20	6.41	5.56	7.36	8.32
	21-31	5.94	5.34	7.43	8.59
August:	1-10	7.20	5.27	7.39	7.33
	11-20	7.71	5.00	6.11	8.07
	21-31	8.48	5.72	6.65	7.43
September:	1-10	7.21	5.16	6.26	8.13
	11-20	5.91	6.75	7.21	8.52
	21-30	6.28	6.11	6.55	6.03
October:	1-10	5.11	5.22	7.52	7.83
	11-20	5.38	5.36	7.56	7.07
	21-31	5.53	5.91	7.45	7.70
November:	1-10	5.58	6.56	6.96	6.60
	11-20	4.96	6.98	6.55	8.44
	21-30	5.67	6.48	7.62	6.57
December:	1-10	5.32	6.03	7.30	8.75
	11-20	4.76	6.45	8.09	7.96
	21-31	5.18	6.64	8.48	8.19

Nbte: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically.) Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.

Domestic-Model Car Sales


Millions of Cars
(Seasonally adjusted at annual rates)
3-Period Moving Average
Imports as Percent of Total New Car Sales
J F M A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D
1982
1983
1984